



OFFICE OF THE GOVERNOR

207 STATE HOUSE
SPRINGFIELD, ILLINOIS 62706

BRUCE RAUNER
GOVERNOR

From: Richard Goldberg, Deputy Chief of Staff for Legislative Affairs
To: Members of the General Assembly
Date: January 13, 2016
Re: Illinois Public Universities Need Reform Badly

Over the last 14 years, Illinois public universities raised tuition rates by more than 200%, generating \$1.5 billion in new revenue for their Income Funds. Unfortunately, the General Assembly has no control over each university's Income Fund, no control over the spending that occurs within these funds, nor does it have the information needed to determine how fiscally responsible Illinois universities are with Income Fund revenue.

We encourage members of both sides of the aisle to ask Illinois public universities what reforms they are willing to adopt to cut waste, root out cronyism, improve outcomes and achieve savings of taxpayers money (e.g. cutting waste, procurement reform, pension reform, workers' compensation reform).

- **Administrative Staff:** According to the Senate Democratic Caucus' "Investigative Report" on Executive Compensation at Illinois Higher Education Institutions: From 2004 to 2010, administrative staff at Illinois' public universities increased 31.1%, while part-time and full-time students increased a mere 2.3%. In FY11, the average student-to-administrator ratio for the nine universities was approximately 45 students for every one administrator. More than 1,500 university employees make more than the statutory salary set for the Governor.
- **Executive Compensation:** According to the same report, university executive compensation includes a base salary, pension and health insurance, and in many cases, it includes some or all of the following: car and driver services, memberships to multiple country clubs and social organizations, performance bonuses, annuities, and retirement enhancements.
- **Golden Parachutes:** Even when university leaders are forced to resign for misconduct, they are often treated to lavish golden parachutes. Illinois State gave fired President Timothy Flanagan \$480,418 in severance after just 7 months on the job. The University of Illinois

Office of the Governor

January 13, 2016

attempted to pay fired Chancellor Phyllis Wise \$400,000 in severance until public outcry led to a reversal.

- **Private Jets:** According to *The Southern*, over the past two years, Southern Illinois University administrators spent more than \$180,000 on in-house chartered airplane flights. Just last year, SIU spent \$1,745.60 to fly legislators to a hearing opposing the Governor's proposed budget savings.
- **Board Meetings:** Between 2008 and 2014, spending on university Board meetings increased by nearly 70%. In 2014, the University of Illinois' Board met 8 times for a total cost of \$166,100.
- **Tuition and Fee Waivers:** Despite increases in tuition costs, public universities increased the amount of money spent on discretionary tuition and fee waivers. In FY14, for example, Graduate tuition and fee waivers for all public universities totaled \$341.1 million – close to the amount of savings proposed in the Governor's FY16 budget.
- **Employee Pensions and Health Care:** In FY15, taxpayers paid \$1.5 billion to support the State University Retirement System (SURS) on behalf of higher education employees. In the past decade, the annual payment the state makes to SURS has increased by \$1.3 billion or 466.8%. Meanwhile, the state picks up the tab for 85% of the public universities and community colleges' contributions to Group Health Insurance (GHI). In FY14, that cost totaled \$685 million; in FY15, that cost is expected to rise to \$700 million or more.
- **Using State Funds To Lobby The State:** Six Illinois public universities employ a combined eight lobbying firms to lobby state government. In the past, Eastern Illinois University paid Senator Dick Durbin's wife \$627,000 over a period of 13 years to lobby on the University's behalf.

As you can see, there is a need for a healthy and high-minded debate on how the university system spends the money the state provides and, more importantly, how it spends the money Illinois families are paying in tuition.

As you know, appropriating hundreds of millions of dollars in General Revenue Funds for MAP or general higher education without finding offsets – whether in the form of spending reductions or cost-saving reforms – could trigger a cash flow crisis in Illinois. Our office stands ready to work with any member of the General Assembly who wants to find a sensible and responsible way to fund MAP and higher education without triggering a cash flow crisis by tying such funding to spending reductions in other areas of GRF or one of many cost-saving reforms.